United Nations A/C.2/59/SR.1

General Assembly
Fifty-ninth session
Official Records

Distr.: General
28 October 2004
English
Original: French

Second Committee

Summary record of the 1st meeting
Held at Headquarters, New York, on Thursday, 16 September 2004, at 10 a.m.

Chairman: Mr. Balarezo ..... (Peru)

Contents

Organization of work

This record is subject to correction. Corrections should be sent under the signature of a member of the delegation concerned *within one week of the date of publication* to the Chief of the Official Records Editing Section, room DC2-750, 2 United Nations Plaza, and incorporated in a copy of the record.

Corrections will be issued after the end of the session, in a separate corrigendum for each Committee.

04-51233 (E)

The meeting was called to order at 10.15 a.m.

Organization of work (A/59/250, A/C.2/59/1 and A/C.2/59/L.1)

1. **The Chairman** welcomed delegations and the members of the new Bureau, Mr. Antonio Bernardini (Italy), Mr. Majdi Ramadan (Lebanon) and Ms. Ewa Anzorge (Poland), who had been elected Vice-Chairmen, and Mr. Azanaw Abreha (Ethiopia), who had been elected Rapporteur.

2. Turning to the organization of work, he said that meetings would begin promptly at 10 a.m. and 3 p.m. and that, if a speaker was absent, his delegation would automatically be placed last on the list of speakers for the meeting concerned. At the fifty-eighth session of the General Assembly, in 2003, the Second Committee had used only 60 per cent of the conference services allocated to it and had lost 34 hours because its meetings had started late or finished early. It was to be hoped that during the present session the Committee would be able to improve upon those statistics. In the event that a meeting rose early owing to a lack of speakers, delegations were urged to make use of the time and of the conference services provided for the meeting by holding consultations or negotiations. Statements should be limited to 10 minutes during the general debate and to seven minutes during the consideration of the various agenda items, with a certain flexibility for representatives of interest groups. Introductory statements by members of the Secretariat and representatives of agencies, funds and programmes would be limited to 10 minutes. Such statements should highlight the main points and priorities involved and should be distributed in advance, if possible.

3. For the current session, the Committee had a new programme of work which was based essentially on the provisions of General Assembly resolutions 57/270 B and 58/316 and decision 58/533, and the recommendations of the outgoing Bureau. In accordance with General Assembly resolution 58/316, the following items had been included in its agenda: "Information and communication technologies for development", "Strengthening of the coordination of humanitarian and disaster relief assistance of the United Nations, including special economic assistance: special economic assistance to individual countries or regions", "Towards global partnerships", and "Strengthening of the coordination of humanitarian and disaster relief assistance of the United Nations, including special economic assistance: participation of volunteers, 'White Helmets', in the activities of the United Nations in the field of humanitarian relief, rehabilitation and technical cooperation for development".

4. Resolutions under the various agenda items would be adopted not at the end of the session, as in the past, but as the items were considered. Moreover, in accordance with resolution 50/227, resolutions — especially their preambles — should be shorter, and decisions, rather than resolutions, should be used as much as possible for procedural matters.

5. Informal consultations would take place at the beginning of the session. Interest groups and delegations were therefore requested to respect the deadlines for the appointment of facilitators and for the submission of draft resolutions.

6. The number of briefings by senior officials, panel discussions on the various items in the programme of work, and keynote addresses would be reduced to a minimum and limited to those relevant to the work of the Second Committee.

7. If there was no objection, he took it that the arrangements he had outlined were acceptable to the Committee.

8. *It was so decided.*

9. **Mr. Seth** (Secretary of the Committee) informed the Committee of the changes made to the draft programme of work (document A/C.2/59/L.1), whether due to certain specific circumstances or pursuant to recommendations made by the General Committee, and noted that a revised version of the programme of work would therefore be issued.

10. **The Chairman** drew the attention of the Committee to the arrangements adopted by the General Assembly in the light of the recommendations contained in the first report of the General Committee (A/59/250) concerning the work of the Assembly and its Main Committees.

11. *The draft programme of work in document A/C.2/59/L.1, as orally amended, was adopted.*

The meeting rose at 10.55 a.m.

United Nations A/C.2/59/SR.2

General Assembly
Fifty-ninth session

Official Records

Distr.: General
20 October 2004

Original: English

Second Committee

Summary record of the 2nd meeting
Held at Headquarters, New York, on Monday, 4 October 2004, at 10 a.m.

Chairman: Mr. Balarezo ..... (Peru)

Contents

Statement by the Chairman

Statement by the Under-Secretary-General for Economic and Social Affairs

General debate

This record is subject to correction. Corrections should be sent under the signature of a member of the delegation concerned *within one week of the date of publication* to the Chief of the Official Records Editing Section, room DC2-750, 2 United Nations Plaza, and incorporated in a copy of the record.

Corrections will be issued after the end of the session, in a separate corrigendum for each Committee.

04-53257 (E)

The meeting was called to order at 10.10 a.m.

Statement by the Chairman

1. **The Chairman** said that he was committed to improving the Committee's working methods, revitalizing its agenda and giving a new political impetus to its discussions and resolutions. To that end, he urged all Member States to engage in constructive dialogue and make a greater effort to reach consensus that went beyond the lowest common denominator so as to ensure that the Committee could reposition itself as the most relevant and efficient forum for the discussion of international economic and financial matters.

2. At the fifty-ninth session, the Committee would have a unique opportunity to give its work a strategic focus; it needed to determine how it could contribute to the 2005 high-level event to assess the progress made in implementing the Millennium Declaration and the outcomes and commitments of the major United Nations conferences and summits in the economic, social and related fields. It must consider ways to support the in-depth examination of compliance with the Goals and other international commitments, inter alia, the Monterrey Consensus, the global sustainable development agenda, the Conference on Human Settlements, the Conference on the Least Developed Countries, the Almaty Conference and the Barbados Programme of Action. Greater efforts were needed at the international level in order to prevent further implementation delays, bearing in mind the commitment to shared responsibility. The issue of the establishment of new financial mechanisms was fundamental; care must be taken not to neglect the important role of the private sector in the development process.

3. A number of other important issues were facing the Committee in the run-up to the 2005 event, including, but not limited to, job creation and global governance in the context of globalization; implementation of the First United Nations Decade for the Eradication of Poverty; the triennial comprehensive policy review of operational activities for development of the United Nations system and the effects of international migration. In that context, it was vital to look honestly and realistically at responses to development problems with a view to strengthening international cooperation and exchanges of experience and good practice, introducing reforms where necessary in order to achieve sustained and sustainable economic growth, reducing social inequality, generating decent jobs, confronting climate change and addressing the obvious technological and scientific weaknesses of developing countries.

Statement by the Under-Secretary-General for Economic and Social Affairs

4. **Mr. Ocampo** (Under-Secretary-General for Economic and Social Affairs) said that during the second quarter of 2004, following strong growth in the world economy in the second half of 2003 and early 2004, the global expansion had slowed. The *World Economic and Social Survey* had rightly warned that the accelerating phase of the global expansion would end gradually in the second half of 2004. The world economy, however, seemed to have softened earlier, and to a greater extent, than had been expected. The United States and China, which had continued to provide the major impetus to global growth, were experiencing a slowdown.

5. The surge in oil prices, driven by increasing global demand, had contributed most to the lull in the world economy, exacerbated by geopolitical developments in the Middle East, uncertainty in some of the oil-producing countries in other parts of the world, the weakness of the United States dollar and the herd behaviour of speculative investors in the oil-futures market. The negative income effects from the high oil prices would continue to limit global growth in the short run. The high energy prices would also have serious implications for the oil-importing developing countries, particularly least developed countries, and might lead to diversion of resources devoted to development goals. At the same time, there had been no major disruptions in oil supplies.

6. Other factors behind the slowdown in the global economy included the weak and unstable recovery of employment in many economies and the effects of policy-tightening measures adopted in some economies, particularly in China, to curb overheating. There remained, however, some resilient signs in the world economy: business investment continued to strengthen in the majority of economies; international trade was growing solidly; global inflation remained benign; and the international economic environment, including external financing conditions, remained favourable for most developing countries. Monetary

policies in the industrial economies continued to be broadly supportive of economic growth.

7. The momentum in international trade had played an increasingly important role in supporting the upswing of the business cycle, suggesting an ever-growing global interdependence and demanding more and faster progress in multilateral trade negotiations. The decision by the General Council of the World Trade Organization (WTO) to pursue the Doha work programme by establishing a framework for future negotiations on trade liberalization was encouraging. The agreement on the modalities of negotiations on agriculture had been a major step forward.

8. Although some economies were rebounding from their second quarter lapse, several risks and uncertainties persisted, including the ever widening twin deficits in the United States, the possibility of a further rise in oil prices and a prolonged weakness in labour market. The risks of a continued deterioration in the world economic growth in the rest of 2004 were not high. Economic growth in 2005 would be a quarter or perhaps even a half percentage point lower than the 3.5 per cent predicted in early 2004.

9. The negative impact of higher energy prices was significant. Increases in the price of oil would depress global real gross domestic product, and the slower pace of the global expansion implied fewer resources available for financing development, whether in the form of investment or aid. Measures taken to correct the large United States external payments deficit could have a depressive effect on global growth.

10. With 10 years to go to the target date for the Millennium Development Goals, sustaining stable and strong growth in the global economy must be a priority. Fiscal and external imbalances must be rectified, especially the United States external current-account deficit. A successful and timely outcome to the Doha round would promote development in poor countries. The elimination of agricultural export subsidies and the reduction of production subsidies, particularly trade-distorting subsidies, remained a priority. There was an urgent need to reduce tariff peaks and tariff escalation in industrial countries and develop mechanisms to reduce manufacturing tariffs so as not to affect developing countries disproportionately. Non-tariff barriers must be curtailed. Priority should also be given to services that used unskilled labour, particularly by facilitating the temporary movement of workers. Aid flows must rise above current levels and be better aligned with national development strategies and priorities.

11. While implementation of the Heavily Indebted Poor Countries (HIPC) Initiative continued to progress slowly, too many countries, especially in Africa, were being forced to choose between servicing their debts and making investments in health, education and infrastructure. A satisfactory solution for heavily indebted middle-income countries that were not eligible for relief under the HIPC Initiative should also be found, perhaps on the basis of the new Evian approach of the Paris Club.

12. Conflict was one of the biggest obstacles to attainment of the Millennium Development Goals. Fifteen of the 20 poorest countries in the world had had a major conflict in the past 15 years. Conflict had impoverished countries in every major region, spilling across borders and in many cases wiping out the achievements of decades of economic and social development. Intrastate wars had been particularly damaging in Africa. The destruction of physical assets, disruption in trade links and loss of human capital were only part of the problem. Violent conflict also left a legacy of militarized and divided societies, widespread displacement, and decimated institutional capacity. A more comprehensive approach needed to be taken to conflict prevention, conflict resolution and post-conflict development.

13. If the General Assembly was to reassert its role in guiding global cooperation in economic, social and environmental matters, further efforts were needed to make the outcome of its work more visible and more relevant. Further reflection was needed on the follow-up process to the International Conference on Financing for Development focusing on achieving results in all areas of the Monterrey Consensus. In the area of innovative sources of financing, careful consideration needed to be given to the various initiatives put forward, including the questions of curtailing tax evasion and strengthening international cooperation in tax matters within the Economic and Social Council.

14. The upcoming debate on the 2004 triennial comprehensive policy review must address the need for better aligning and integrating United Nations system programming with national development processes and country needs and priorities. The issue of capacity,

both of recipient countries and of the United Nations system, as well as the funding and governance of the system at the field level, were critical to ensure further progress towards achieving international development goals.

15. The persistence of extreme poverty and hunger was economically irrational and politically unacceptable given the state of technological progress and agricultural production worldwide. It was clear that technology, money and geography were not the obstacles, but rather willpower and courage. The first comprehensive review of the Millennium Declaration in 2005 would be a test of the international community's resolve and an opportunity to bring back development to centre stage.

16. **Mr. Carnelos** (Italy) asked for further clarification of the current situation of economic growth in the absence of an increase in employment and whether macroeconomic policies with respect to employment were misguided.

17. **Mr. van den Berg** (Netherlands), said that he would like to hear more about the likely the impact of HIV/AIDS, especially in sub-Saharan Africa, on the world economic situation. He would also appreciate an assessment of the influence of the Kyoto Protocol on the international economy. Lastly, concerning the triennial comprehensive policy review, more information was needed on the prospects for cooperation between the United Nations system and the World Bank.

18. **Mr. Ocampo** (Under-Secretary-General for Economic and Social Affairs) said that, as was made clear in the *World Economic and Social Survey*, weak employment affected the world economy. Accelerating employment recovery should be the focus of all States. Although the major economies, including the United States of America, Europe and China, each suffered from unemployment, there was no common solution to the problem. HIV/AIDS did not affect the economy in the short term. However, it had deep, long-term economic and social effects, involving a decimated working population, atypical age dependency ratios and increasing health costs. Concerning the Kyoto Protocol, he welcomed the Russian Federation's decision, which, if finalized, would allow the instrument to become fully effective. Lastly, the United Nations Development Group was committed to working with the World Bank. There was a need, however, to increase cooperation between the specialized agencies and departments and programmes and the Bank.

19. **The Chairman** said that he wished to hear a further assessment on the possibility of the emergence of an economic crisis and on the capacity to deal with such a crisis should it arise.

20. **Mr. Lolo** (Niger) wondered how it would be possible to generate the political will to fight extreme poverty and hunger in countries which viewed those issues as secondary to the global war on terrorism.

21. **Mr. Manis** (Sudan) enquired about developing countries' prospects of achieving the Millennium Development Goals, given their continuing economic and social deterioration since the United Nations Millennium Summit.

22. **Mr. Ocampo** (Under-Secretary-General for Economic and Social Affairs), replying to the Chairman's question, said that there were no signs of another major crisis. Experience had shown the difficulty of achieving rapid economic growth following a crisis; however, growth had been sound in 2004 and that trend was expected to continue into 2005, even without persistent recovery by the industrialized countries. Unlike in previous decades, the prices of raw materials were rebounding after their sharp drop in the early 1980s and during the Asian crisis.

23. Turning to the question by the representative of Nigeria, he clarified that he had been referring to the impact of conflict on the economies of poor countries. Terrorism, in addition to sowing uncertainty, had prompted increased military expenditure, all but eliminating the peace dividend of the early 1990s. That was an issue that should certainly be addressed by the Committee. He hoped that the entire international community would show greater political will to fight poverty and hunger by the 2005 review of the follow-up to the Millennium Summit.

24. Replying to the representative of Sudan, he said that sub-Saharan Africa was most at risk of not meeting the Millennium Development Goals, a problem highlighted in the report of the Secretary-General on the implementation of the United Nations Millennium Declaration (A/59/282). Elsewhere, the Goals would be met in large part (East Asia), or to

some extent (North Africa, West Asia and Latin America and the Caribbean).

25. **Mr. Mbayu** (Cameroon) welcomed the Chairman's emphasis on the need to involve the private sector more closely in the development process. The private sector, which accounted for about 92 per cent of the population in most countries, was not comprised of big corporations only but also of many individual proprietors and small-scale enterprises.

26. The linkage drawn by Mr. Ocampo between tax evasion and failure to achieve the Millennium Development Goals reconfirmed the importance of making the Ad Hoc Group of Experts on International Cooperation in Tax Matters a subsidiary body of the Economic and Social Council and gave fresh impetus to that effort.

27. Referring to the comments by the representative of Sudan, he said that the Poverty Reduction Strategy Paper (PRSPs) of many sub-Saharan African countries were virtually synonymous with their development plans; however, despite the tremendous effort invested in their formulation and the economic hardship they imposed, they were often not aligned with the Millennium Development Goals. Citing adverse geopolitics and the debt burden as other obstacles to the achievement of the Millennium Development Goals in sub-Saharan Africa, he wondered whether the Under-Secretary-General saw any disadvantage to recent proposals on outright cancellation of debt.

28. **Mr. Ortiz Gandarillas** (Bolivia) requested the Under-Secretary-General to elaborate further on his statement that the current international economic situation was favourable for developing countries.

29. **Ms. Al-Mulla** (Kuwait) said that it was an exaggeration to single out the future trend of oil prices as the leading uncertainty for the world economic outlook. Moreover, the attribution of the recent lull in the world economy to higher oil prices was lacking in depth. It did not fully explain the failures in the world economy and contradicted the Under-Secretary-General's subsequent assurances that there had been no major disruptions in oil supplies to erode consumer or business confidence. Her delegation would have appreciated an analysis that went beyond the developments of the preceding year to include other factors responsible for the surge in oil prices, such as the impact of debt on poor countries, the geopolitical situation and the taxes imposed on oil.

30. **Mr. Hamad** (United Nations Educational, Scientific and Cultural Organization) expressed gratitude to the Under-Secretary-General for drawing a correlation between debt servicing and the inability to finance basic social services such as education and health. He hoped that, in its deliberations, the Committee would focus equally on the social, as well as the macroeconomic, aspects of the debt problem.

31. **Mr. Sosa** (Dominican Republic) requested the Under-Secretary-General to discuss the effects of corruption on the development of developing countries.

32. **Mr. Kogda** (Burkina Faso) asked the Under-Secretary-General to comment on the rise in non-tariff barriers and their potential long-term impact on international trade and the growth of developing countries.

33. **Mr. Ocampo** (Under-Secretary-General for Economic and Social Affairs) agreed that corruption and non-tariff barriers, like debt relief, affected the long-term economic situation; however, his statement had focused on the short term only. The favourable international economic situation for developing countries was a short-term phenomenon. In the meantime, major structural problems with, inter alia, the Doha Round and external debt, continue to hamper enjoyment by the developing countries of the expansion of the global economy.

34. Replying to the representative of Kuwait, he said that, in the judgement of many institutions, higher oil prices had weakened world economic recovery. It was true that there had been no major disruptions in oil supplies and that was why there was no risk of a major recession. In large part, the increase in oil prices was attributable to higher demand, particularly by the rapidly growing Chinese economy. That was a short-term development and in no way implied that oil supplies were becoming a major structural factor in the world economy.

35. In response to the representative of Cameroon, he agreed that the important role of the private sector should be discussed in the Committee. Tax evasion was a major issue on which there had been no substantive international debate. It was a source of distortion that affected direct, particularly corporate, taxation, driving many countries to shift to an indirect taxation system that was less progressive, and even regressive.

36. As indicated by the Secretary-General in his report on the triennial comprehensive policy review, achievement of the Millennium Development Goals and national ownership must be key considerations in elaborating PRSPs, the paramount importance of national ownership had also been emphasized by the World Bank, the Independent Evaluation Office of the International Monetary Fund (IMF) and other institutions. The Secretary-General, the Millennium Project, the World Bank and IMF had stressed the crucial issue of funding in sub-Saharan Africa. Ideally, debt cancellation should be bolstered by the provision of additional resources on a recurring basis. Even after posting one of its best growth rates in decades (4 per cent in 2004 and a projected 4 3/4 per cent in 2005), Africa must still achieve an annual growth rate of 6 to 7 per cent in order to implement the Millennium Development Goals.

General debate

37. **Mr. Al-Bader** (Qatar), speaking on behalf of the Group of 77 and China, urged development partners to fulfil their commitments and promises within the context of the New Partnership for Africa's Development (NEPAD). Without substantial support from the international community, most African countries would not be able to achieve the Millennium Development Goals. An enabling environment that would promote development in developing countries must, first and foremost address the imbalances in the global economic and financial system and allow developing countries to participate in decision-making, in accordance with the Monterrey Consensus. The Group of 77 and China welcomed the "Action against Hunger and Poverty" initiative and hoped it would contribute to developing countries' efforts to achieve the Millennium Development Goal dealing with poverty and hunger. It was also crucial to develop a truly multilateral approach to international cooperation on tax matters and to strengthen current arrangements in that area.

38. While the recent understanding reached in Geneva on agricultural subsidies was a significant stride towards implementing the Doha work programme, it fell far short of establishing a multilateral trading system that was truly development-oriented. The eleventh session of the United Nations Conference on Trade and Development (UNCTAD) had drawn specific attention to the shrinking policy space available to developing countries to pursue their development objectives and ensure that globalization served their needs. Their capacity to participate effectively in trade negotiations and safeguard their interests must be strengthened. Of paramount importance were the agreements reached at the eleventh session of UNCTAD giving impetus to WTO negotiations to implement the Doha work programme.

39. External debt continued to be a drain on the resources of developing countries, particularly in Latin America and the Caribbean, North Africa and the Middle East. Progress in implementing the HIPC Initiative had been slow as eligible countries struggled to balance debt sustainability, the promotion of long-term growth and poverty reduction. Debt sustainability was also undermined by external shocks, such as collapses in principal export sectors, drought and natural disasters, and by conflict or post-conflict situations. The HIPC Initiative had been conceived as a net addition to the total volume of official development assistance (ODA), and yet, ODA had plummeted since its introduction. The Group of 77 and China hoped that that trend would be reversed, and that additional resources would be provided to finance the HIPC Initiative. A more effective and credible multilateral approach must be taken to dealing with the continuing decline and volatility of commodities prices, the chief source of foreign exchange earnings for many least developed countries.

40. Small island developing States were particularly vulnerable to external shocks and required special assistance in order to achieve the Millennium Development Goals. The Group of 77 and China hoped that a renewed commitment to their sustainable development would emerge from the International Meeting to Review the Implementation of the Programme of Action for the Sustainable Development of Small Island Developing States.

41. Follow-up to the World Summit on Sustainable Development and the Implementation of the Johannesburg Plan of Implementation remained a priority for the Group of 77 and China. It was to be hoped that the thirteenth session of the Commission on Sustainable Development would identify concrete policies for enhancing the implementation process in the water, sanitation and human settlements cluster.

42. The triennial comprehensive policy review should lead to a more predictable and adequate flow of

resources to fund operational activities for development. The multilateral system, particularly its development machinery, must be strengthened, and United Nations funds and programmes must be provided with the necessary resources to carry out their operational activities.

43. The Group of 77 and China attached great importance to constructive participation by all components of the international community, including the private sector, in the second phase of the World Summit on the Information Society, to be held in November 2005. In conclusion, he urged Member States to promote comprehensive approaches to peace and development and called on development partners to honour their commitments to the developing countries. The Group of 77 and China hoped that during the current session, the committee would lay the groundwork for the 2005 high-level event to review the implementation of the Millennium Development Goals.

44. **Mr. Davidse** (Netherlands), speaking on behalf of the European Union, the candidate countries (Bulgaria, Croatia, Romania and Turkey), the stabilization and association process countries (Bosnia and Herzegovina, Serbia and Montenegro and the former Yugoslav Republic of Macedonia) and, in addition, Iceland, said that, in view of the volume of work facing the Committee, he welcomed the new working methods adopted by the General Assembly, which would contribute to optimizing the efficiency of preparations for the 2005 high-level event.

45. The European Union supported further improvements to those working methods, in particular the introduction of the practice of "question time" and the use of interactive debates and panel, discussions, which could lead to more candid and effective interactions on crucial issues. Further progress in the area of documentation was also desirable, with a view to producing coherent flagship reports on the main issues which would have lasting impact and influence. To further improve coherence, it was important to continue the quest for more logical ways of clustering the agenda in order to further exploit synergies between topics and to pursue a good working relationship with the Third Committee.

46. In order to achieve the Millennium Development Goals, the effectiveness and efficiency of the United Nations system as a whole must be improved. The European Union was firmly committed to finding ways of strengthening the follow-up to both the Johannesburg Plan of Implementation and the Monterrey Consensus in order to enhance the Organization's work on the ground. Recommendations arising from the triennial comprehensive policy review would be an important input in that regard.

47. **Mr. Zhang** Yishan (China) said that, since the beginning of 2004, there had been a number of positive developments in the area of international development cooperation. There was a continued focus on the achievement of the Millennium Development Goals and on the outcomes of major international conferences and summits and relevant follow-up mechanisms had been set up. Higher levels of ODA had been authorized, new plans and proposals for poverty eradication financing for development and HIV/AIDS prevention and treatment had been put forward, and progress had been made in the area of trade. In addition, members of WTO had reached framework agreements on major items on the Doha development agenda and the Sao Paulo Consensus had reflected the common ground shared by all parties in the area of trade and development. Nevertheless, the plight of the developing countries remained a cause for serious concern, as evidenced by the widening gap between the North and the South, the continuing increase in the number of least developed countries, which were still facing economic instability, inadequate financial resources, trade disruptions and heavy debt burdens.

48. In 2005, a number of important meetings on development issues would take place. The international community must make good use of those opportunities to pursue its commitments and take concrete action to promote the realization of its development goals. In that connection, priority attention should be given to three main areas: first, continued efforts should be made to enhance international economic and development cooperation, uphold the principles of multilateralism and build a new type of development partnership based on mutual trust, benefit and assistance. The developing countries should, through capacity-building and cooperation, increase their competitiveness in order to reverse the negative effects of economic globalization, while the developed countries must fulfil their obligations, accelerate global economic growth and provide more support to the developing countries.

49. Secondly, in the context of poverty eradication, new proposals and plans to acquire additional

development resources on the basis of ODA and other existing means of financing should be explored. All parties involved should maintain the momentum of WTO negotiations and endeavour to bring the Doha development agenda to an early and successful conclusion.

50. Lastly, the United Nations should continue to play a leading role in the area of development and take full advantage of the 2005 high-level plenary meeting to undertake a comprehensive review of the implementation of the Millennium Development Goals and further mobilize the political will of all parties. The Organization must also set up a fair and reasonable framework for evaluating the progress of the Millennium Development Goals which was able to assess progress at the national level and monitor and evaluate international cooperation and the fulfilment of development assistance commitments.

51. **Mr. Akram** (Pakistan) said that the global macroeconomic outlook was mixed. The nascent recovery was fragile and economic growth remained unequal. Furthermore, despite the broad strategy for development implemented on the basis of the outcomes of the Doha, Monterrey and Johannesburg summits, poverty levels had increased. In order to turn the tide, Member States should concentrate on developing a concrete plan of action to promote a genuine partnership for development and peace rather than continuing to blame each other for the failure to implement the Millennium Development Goals.

52. Such a partnership should be founded on four pillars, the first and most essential of which was good national governance by the developing countries themselves. As Pakistan had shown, with the right policies in place, even the worst performing economies could be turned around. The second pillar of a new partnership must be adequate financing for development. There was a need to strengthen the framework of the Monterrey Consensus and ensure that its goals were practicable. In that connection, measures should be taken at the national level to create human development frameworks, establish public-private sector partnerships and obtain foreign grant assistance for the retirement of overdue debts. In addition, a more rigorous approach should be adopted in respect of debt write-offs and swaps and old concepts, such as the revision of IMF quotas for developing countries, could be revived.

53. The third pillar must be the creation of a fair international trading system. To that end, new WTO negotiations had been initiated, but the specific development objectives of those negotiations remained unclear. Unequal subsidies and discriminatory tariff peaks must be abolished and developing countries must be given sufficient policy space to sustain their own development through trade liberalization. Measures should be put in place to prevent the circumvention of market access and the implementation difficulties associated with the Uruguay Round must be resolved. The reciprocity inherent in the Doha Round must be related to the capacity for competition in equal conditions.

54. The last pillar of the partnership must be access to technology and relevant research and development. In view of the constraints on technology transfers imposed under the Agreement on Trade-Related Aspects of Intellectual Property Rights, a code of conduct should be devised so as to ensure that relevant technologies were made available to the developing countries at affordable prices. In addition, incentives should be introduced to promote enhanced research and development activities that addressed the problems facing the developing countries.

55. **Mr. Tchoulkov** (Russian Federation) said that the Millennium Development Goals played a crucial role in international efforts to address such challenges and threats as international terrorism, hunger, poverty, epidemics, environmental degradation and the gap in living standards in the world. His delegation therefore commended the "Action against Hunger and Poverty" Initiative. His Government was making concerted efforts to provide debt relief to the poorest countries as well as official development assistance, above all to its partners in the Commonwealth of Independent States, and to revitalize its donor capacities.

56. The establishment of a more equitable international trade system would create additional opportunities to attain the Goals. His Government welcomed the outcome of the eleventh session of UNCTAD, which had given new impetus to the WTO talks. His Government was steadily advancing towards accession to WTO on terms acceptable to it and was ready to take on the obligations corresponding to its level of economic development and structural specificities, in line with the obligations assumed by other WTO members.

57. One of the priority issues of the current session was the integration of countries with economies in transition into the world economy. His Government strongly supported the mobilization of international assistance to such countries and was providing bilateral assistance to a number of Commonwealth countries in transition. The United Nations agencies and the Bretton Woods institutions should focus more on assisting the most needy countries in transition, especially low-income States, in order to integrate them into the world economy and remove obstacles to their social and economic development.

58. His Government actively supported international cooperation in the area of sustainable development, as was shown, on 30 September, by its decision to submit the Kyoto Protocol to parliament for ratification. It had acceded to the United Nations Convention to Combat Desertification and was working towards possible accession to such environmental instruments as the Stockholm Convention on Persistent Organic Pollutants and the Montreal Protocol on Substances that Deplete the Ozone Layer. His delegation welcomed the outcome of the twelfth session of the Commission on Sustainable Development. As Chair of the United Nations Forum on Forests, his Government helped to put sustainable forest management at the top of the international environmental agenda. His delegation attached particular importance to the 10-year review of the Programme of Action for the Sustainable Development of Small Island Developing States and to the World Conference on Disaster Reduction to be held in January 2005.

59. Concerning the triennial comprehensive policy review, his Government was committed to the fundamental principles of the operational activities of the United Nations system, especially national ownership, and to preserving the independent mandates of the funds and programmes. It supported further simplification and harmonization of rules and procedures in order to reduce the administrative and financial burden of States and United Nations agencies, and also strengthening the resident coordinator system and enhancing cooperation with the World Bank.

60. His delegation would participate actively in the drafting of country-specific resolutions on humanitarian assistance, which must be submitted and negotiated in the same manner as General Assembly resolutions. The Committee would have an opportunity to consider in greater detail individual cases of countries that were grappling with the transition from humanitarian assistance to development. Attention must be paid not only to the causes of the re-emergence of conflicts and their prevention but also to the factors that allowed States to emerge successfully from post-crisis situations. The case of Tajikistan might serve as a useful example.

61. **Mr. Deig** (Peru) observed that, according to statistics from the World Bank and a number of Human Development Reports, over the last 28 years only four developing countries had achieved the 4 per cent increase in per capita income required to eradicate poverty. During that same period, income levels in 69 developing countries had registered zero or negative growth. The gap between rich and poor was increasing and would continue to do so if urgent preventive measures were not taken.

62. To that end, it was essential to promote a less speculative and more productive global financial system and seek out additional resources. For a number of years, Peru had been emphasizing the need to develop innovative financial mechanisms with a view to strengthening democratic governance and eradicating poverty and social exclusion. Such mechanisms should facilitate productive investment, ensure long-term external debt sustainability and reinforce capacity to address unexpected external economic situations. There was a need to modify the tax accounting system in order to enhance public and private investment, particularly in infrastructure, and to introduce contracyclical measures. In that connection, Peru supported the "Action against Hunger and Poverty" Initiative.

63. Two issues were of particular importance in the current economic climate. According to the report of the World Commission on the Social Dimension of Globalization, the effects of globalization were most apparent in the employment sector. Consequently, it was vital to counter the negative impact of that phenomenon by implementing sustained job creation policies, in which the private sector must play a key role. Secondly, the establishment of equitable and uniform international standards to address cross-border migration should be a priority. In that context, Peru would be hosting a special international ministerial conference for developing countries with significant flows of international migrants, which would take place in Lima in the first half of 2005. For its part, the Committee had an active contribution to make to the

preparations for the high-level plenary session in 2005, which would be one of the last opportunities to reach agreement on viable initiatives to facilitate the achievement of the Millennium Development Goals by 2015.

64. **Mr. Le Luong Minh** (Viet Nam) said that globalization was generating unbalanced outcomes and the gap between rich and poor countries had widened. Moreover, the multilateral trading system was not very democratic: most developing countries had very limited influence in global negotiations on financial and economic rules and policies, and that had increased their marginalization and vulnerability. Unjust protectionist measures undermined their efforts to eradicate hunger and reduce poverty, which, coupled with the lack of progress in the Doha Round and in implementing debt-related initiatives, as well as the lack of committed ODA, frustrated developing countries' hopes of development.

65. It was more urgent than ever to build an international framework for development and prosperity and the United Nations must play a leading role in that endeavour in order to ensure the attainment of the Millennium Development Goals. The Economic and Social Council, UNCTAD and other specialized agencies and funds and programmes had a central coordinating role to play in development activities and Viet Nam would actively participate in efforts to strengthen those bodies. Regional and interregional cooperation, including North-South and South-South cooperation, and partnerships between developed and developing countries would also help create favourable conditions for development and ensure that globalization would benefit all nations.

66. In recent years, thanks to renovation and economic reform, Viet Nam's growth rate had averaged 7.5 per cent and the number of poor households had been reduced by half. His Government had maintained its policy of regional and international integration and, in that context, would shortly be hosting the Fifth Asia-Europe Summit, as well as hosting Asia-Pacific Economic Cooperation meetings in 2006. It was also stepping up negotiations on accession to WTO.

67. **Mr. Mahiga** (United Republic of Tanzania) said that implementation of the Millennium Development Goals and the outcomes of the major United Nations conferences of the past 10 years was not proceeding sufficiently quickly. The price of inaction, or delayed action, in that regard was the economic, social and political destabilization already to be seen in many parts of the world. The main challenge was to establish coherence and convergence between the commitments and obligations of partners in developed and developing countries. The enlightened policies of developed partners who had achieved the 0.7 per cent ODA target demonstrated that meeting those commitments was financially feasible within budgetary provisions as well as politically and morally rewarding.

68. Tanzania and many other developing countries in Africa had also taken bold policy initiatives, instituting democratic governance, free market entrepreneurship, fiscal reform and anti-corruption measures, but their efforts risked being frustrated by their partners, who in some cases were slow to reciprocate in the spirit of the Millennium Declaration and the Monterrey Consensus. His delegation urged those countries to shorten their timeframe for full disbursement, in accordance with their commitments. It was to be hoped that other ongoing initiatives by the developed countries and the debates on debt relief and ODA in relation to the Millennium Development Goals would take Africa's special needs into account and that developing countries would be adequately involved in decision-making and implementation.

69. Developing countries' efforts to make agriculture the backbone of their economies had been hampered by falling world commodity prices. The related issue of farm subsidies was one that had been repeatedly raised, and it should remain central to the agenda of world trade negotiations. Fairness in competition should be the paramount consideration, particularly in respect of commodities in which developing countries had comparative advantages. The consensus reached in Sao Paulo had given a much-needed boost to the multilateral trading system and it was of the utmost importance for the Doha negotiations to move forward in a democratic and transparent manner in order to create a system that would be equitable and beneficial to all.

70. **Mr. Ramadan** (Lebanon) said the global economic slowdown would adversely affect development efforts, yet its causes were still far beyond developing countries' control, despite the fact that the Monterrey Summit had recognized those countries as effective participants in the global economy and financial systems. Levels of ODA still fell short of the commitments that had been made. The

improvements in external financing conditions for developing countries such as Lebanon were due only to improved domestic economic conditions and low international interest rates. Indeed, total ODA over the past year had been exceeded by remittances from migrants. That illustrated the importance of migration in the process of development, and his delegation believed it was necessary to organize an international conference on migration.

71. The latest agreement on modalities in agriculture was a welcome first step towards trade liberalization, a process which could be expected to generate a large part of the resources needed to finance development. He hoped that, as a result of the triennial comprehensive policy review, funding for operational activities for development would become more predictable and demand-driven.

72. **Mr. Chinade** (Nigeria), speaking on behalf of the African Group, said that many African countries had taken steps to integrate the goals and strategies of NEPAD into their national development programmes. However, the sustainable development objectives of NEPAD could not be achieved without lasting peace at home and abroad, and subregional organizations were cooperating with the African Union in efforts to find solutions to intractable conflicts in the continent's various trouble spots so as to pave the way for development.

73. It was important not to compromise on good governance in the economic, corporate, social and political spheres. The African countries were determined to protect human rights and fundamental freedoms and to reform and strengthen their institutions. The fight against corruption would continue: some African countries were already planning to ratify the United Nations Convention against Corruption.

74. NEPAD rested on the principle of ownership and responsibility and the values of inclusion, human rights, equality, transparency and accountability, and would require comprehensive, people-centred reforms that would help reposition the continent for growth, stability, democracy and development. The catalyst in that process was agriculture, which would provide food security, create wealth and generate employment. The African Group would join the consensus in the Group of 77 and China to promote the Doha development agenda. Many African Governments were giving increasing prominence to the Millennium Development Goals and other development goals, and were committed to providing an enabling environment for the private sector. A sine qua non of the success of those efforts was, however, the fulfilment of the undertakings made at Monterrey and the World Summit on Sustainable Development. In particular, developed countries must deliver on their ODA commitments and prioritize development in their interaction with developing countries, especially those in Africa: in an interdependent world, failure to help neighbours could have adverse consequences at home.

75. The results of the HIPC Initiative were unsatisfactory and the debt crisis still presented a major challenge that must be resolved without delay. ODA, whatever its level, could never offset the enormous cost of debt service payments. Debt swap for sustainable development was a promising avenue that deserved further exploration.

76. Notwithstanding the theoretical emphasis often placed on the Millennium Development Goals as a framework for development, there was no real linkage between those Goals and PRSPs. Some of the reforms associated with PRSPs even ran counter to the objective of reducing poverty: downsizing of the public sector, for example, generally had a deleterious effect on the social fabric. Greater convergence and coherence were required in international development policies and the financial system. It seemed that the main objective of Governments in implementing PRSPs was not so much to reduce poverty as to ensure they met the rating criteria of the World Bank Country Policy and Institutional Assessment (CPIA), the yardstick used in allocating all-important World Bank resources to low-income countries. CPIA had thus become a new form of conditionality and there was little incentive to pursue an independent development track based on countries' own priorities and needs.

77. The majority of least developed countries (LDCs) lay in Africa and five of them were small island States. The forthcoming International Meeting to Review the Implementation of the Barbados Programme of Action for the Sustainable Development of Small Island Developing States would present an opportunity to offer further concrete assistance to LDCs and small island developing States in particular.

78. The Committee needed to reconsider its approach, aiming at efficiency, effectiveness and

results. It should move away from the ritualistic "dialogue of the deaf" and exploit its own diversity in order to help realize member States' basic needs. In that regard, he hoped the Committee would take an active part in the plenary debate on the report of the World Commission on the Social Dimension of Globalization. The African Group also applauded the States that had launched the Action against Hunger and Poverty Initiative.

79. Lastly, turning to the threats posed by terrorism, he said the African Group believed the best way to guarantee peace and security was to address the fundamental problems of poverty and underdevelopment. It therefore looked forward to the 2005 high-level event and hoped that its outcome would further the process of implementation.

The meeting rose at 1.05 p.m.

United Nations A/C.2/59/SR.3

General Assembly
Fifty-ninth session

Official Records

Distr. General
5 November 2004
English
Original: Spanish

Second Committee

Summary record of the 3rd meeting
Held at Headquarters, New York, on Monday, 4 October 2004, at 3 p.m.

Chairman: Mr. Balarezo ..... (Peru)

Contents

General debate *(continued)*

This record is subject to correction. Corrections should be sent under the signature of a member of the delegation concerned *within one week of the date of publication* to the Chief of the Official Records Editing Section, room DC2-750, 2 United Nations Plaza, and incorporated in a copy of the record.

Corrections will be issued after the end of the session, in a separate corrigendum for each Committee.

04-53263 (E)

The meeting was called to order at 3.05 p.m.

General debate *(continued)*

1. **Mr. Bodini** (San Marino) expressed full agreement with the view, stated in the Secretary-General's report on the work of the Organization (A/59/1), that "for the majority of the world's people, the most immediate threats" were "poverty, hunger, unsafe drinking water, environmental degradation and endemic infectious diseases". He said that those issues were still faced in 2004, one year before the high-level meeting - a summit - that was to review the implementation of the Millennium Declaration and evaluate the outcomes so far achieved in that process. Although the idea that wealth should be better allocated worldwide was a generally accepted principle, the governments of the less privileged countries were responsible for distributing fairly and equitably whatever resources were available domestically. Only when better governance and true democracy were achieved in the beneficiary countries would the developed economies speed up the process of assistance.

2. Although its low-key behaviour might sometimes be misinterpreted as unwillingness to help, San Marino, together with the vast majority of developed countries, believed in accelerating the financial and technical assistance process. Despite serious problems faced at home, including the depletion of retirement funds and the increase of health care costs, San Marino had already embarked on the challenging and laborious process of raising citizens' awareness of global needs.

3. The most challenging goal before the Second Committee at the current session was to ensure that all nations recognized and understood each other's strengths and weaknesses, duties and rights, and obligations and needs. The instruments needed to that effect were clearly identified in the Millennium Development Goals (MDGs), and it was up to the international community to implement them.

4. **Mr. Hackett** (Barbados), speaking on behalf of the Caribbean Community (CARICOM), endorsed the statement made on behalf of the Group of 77 and China. He said that the States members of CARICOM were fully committed to the achievement of the Millennium Development Goals (MDGs) through a combination of strengthened national responses and intensified global action, and attached top priority to the 2005 high-level meeting scheduled to review the implementation of the Millennium Declaration. They also believed in bridging the democratic deficit in global governance, and considered that good governance at all levels was an essential requirement for promoting sustainable development and achieving social justice and a secure and predictable peace. To that effect, CARICOM was committed to integrity in all areas of governance under the Charter of Civil Society of the Caribbean Community. Under those provisions, the development of the member States as stable and well ordered democracies, governed by the rule of law, should be ensured through a meaningful participation of all sectors in all aspects of political, social and economic affairs.

5. Despite good governance practices at the national level, CARICOM's efforts at achieving its sustainable development goals were frustrated by the current system of global governance, which - as agreed at the Millennium Summit, in Monterrey and in Johannesburg - should have been guided by the principles of "justice, equity, democracy, participation, transparency, accountability and inclusion" that governed decision-making at the domestic level. That was the only way to address such issues as the need for fairer rules and policies on trade and finance, the reform of the international financial architecture, climate change, natural disasters, international migration and international tax cooperation. Moreover, it was necessary to carry out deep reforms in the operations of, inter alia, the Bretton Woods Institutions (BWIs), the Organization for Economic Cooperation and Development (OECD) and the Financial Action Task Force (FATE) in order to ensure the international community's full participation in the process of prescribing norms by which it should abide.

6. CARICOM looked forward to a positive decision very soon on the proposal - endorsed by the Group of 77 and China - to convert the Ad hoc Group of Experts on International Cooperation in Tax Matters into a Committee of the Economic and Social Council (ECOSOC); and considered that conversion as a first step in fulfilling the related commitment that was part of the Monterrey Consensus. Moreover, CARICOM appealed to all members of the World Trade Organization (WTO) to support the mandate provided

for in the Doha Declaration to facilitate "the fuller integration of small, vulnerable economies into the multilateral trading system". The WTO General Council could accordingly recommend to the next ministerial conference not only special and differential treatment, but also the implementation of rules favourable to those economies. On the issue of the debt, CARICOM stressed the need to focus on dealing with the debt burden of middle-income developing countries in a more comprehensive manner and reiterated its support for the Secretary-General's proposal to establish a working group to address debt from a developing country perspective. Furthermore, it was necessary to reinforce the Barbados Programme of Action (BPOA) by incorporating in it new and emerging economic and social issues that constrained the sustainable development of small island developing States (SIDS). CARICOM hoped that the International Meeting, scheduled to take place in Mauritius in January 2005, would result in renewed political commitment and support for SIDS at the global level including the identification of new, predictable and additional resources to advance implementation of the BPOA.

7. States in the Caribbean region were particularly vulnerable to meteorological phenomena, economic crises and environmental disasters, which could in a matter of hours erase decades of development. A grim reminder about that fact had been the recent passage of Hurricane Ivan, which had left behind thousands of dead and homeless in Haiti and had caused damages estimated at more than US$2 billion in Grenada. While doing all it could to assist the people of those and other affected islands, CARICOM reiterated its recent emergency call for greater international support for relief, recovery and rebuilding efforts. There was increasing scientific evidence that those and other extreme weather events, such as cyclones and the sea level rise, were the result of global warming. Accordingly, CARICOM called on the entire international community to honour its commitments in the area of climate change and to support the adaptation efforts of SIDS, which contributed the least to that phenomenon but were the most affected by its adverse effects. Moreover, CARICOM appealed once again to the Member States, asking those that had not yet ratified the Kyoto Protocol to follow the example of the Russian Parliament, whose recent decision to ratify that instrument was gratifying. The peoples of the region were largely dependent on the Caribbean Sea, particularly in such sectors as tourism, fisheries and intra-regional trade. Consequently, CARICOM looked forward to continued support from the international community in achieving the objectives of a resolution - that the Committee would be asked to consider during the current session - on "promoting an integrated management approach to the Caribbean Sea area in the context of sustainable development".

8. CARICOM was involved in the preparations for the second phase of the World Summit on the Information Society, to be held in Tunis; welcomed the completion of the first stage in Geneva; and hoped that, as an outcome of that Summit, an international platform would be created to put an end to the digital divide, and strict rules would be established on internet governance.

9. **Mr. Kafando** (Burkina Faso), having endorsed the statement made by the Group of 77 and China, pointed out that globalization and the liberalization of world trade had aggravated economic and social disparities among nations. He stated that, in view of the inadmissible manipulation of the rules and function of the world economy by a few States in accordance with their own interests, effective cooperation of the international community was necessary to put an end to problems such as the aggravation of poverty, which affected one fourth of the world's population, the insufficiency of official development assistance (ODA), the almost absolute absence of foreign direct investment (FDI) in many poor countries, the debt burden that beset those countries, the food insecurity that in some cases affected even wealthy countries, where large quantities of foodstuffs were sometimes destroyed for "price stabilization", and the lack of drinking water and health care services that condemned one fourth of humanity to a life expectancy of no more than 40. In order to attain the objectives that had been set, the recommendations of the World Commission on the Social Dimensions of Globalization should be implemented. Regarding poverty reduction, it had been agreed at the African Union Extraordinary Summit on Employment and Poverty Alleviation in Africa, held in Ouagadougou on 8 and 9 September 2004, to focus economic and social policies in the continent on employment and to establish a mechanism to monitor the implementation of the decisions adopted at national, regional and international level. In view of the 2005 review of progress made with regard to the implementation of the Millennium Development Goals

(MDGs), it would be advisable to adopt specific measures reflecting the international community's political will, expressed at the Millennium Summit, to face up to its responsibilities in the fight against poverty.

10. Burkina Faso welcomed the initiatives for the mobilization of further resources to help the poor countries to overcome their chronic lack of funds, including the Action against Hunger and Poverty, led by the Presidents of Brazil, France, Chile and Spain; the United Kingdom's proposal concerning an international financial facility (IFF); the "cotton initiative" launched by four sub-Saharan Africa countries and the WTO; and the Global Compact proposed by the Secretary-General. Furthermore, the fact that the environment was threatened by pollution, global warming and desertification called for pursuing and enlarging discussions on converting the United Nations Environment Programme (UNEP) into a United Nations Organization for the Environment. Lastly, since the countries affected by the phenomenon of migration constituted increasingly a vehicle for intercultural dialogue and understanding and at the same time a demographic, sociological, economic and political challenge, Burkina Faso favoured convening a United Nations conference on international migration and development.

11. **Mr. Chowdhury** (Bangladesh), after expressing his thanks for the support that he had received when he had chaired the Committee, said that the structural and systemic constraints that had prevented globalization from producing the expected benefits should be identified and addressed. The report of the World Commission on the Social Dimensions of Globalization had identified a number of them. To that end, an enabling international environment conducive to development, a transparent and more participatory international financial architecture and a predictable flow of financial resources to developing countries to reduce vulnerability to financial crises were required. In addition to efforts to raise official development assistance (ODA) levels to match commitments, serious consideration should be given to the important recommendations on innovative financial mechanisms for poverty eradication, growth and sustainable development, that had been formulated by the expert group set up on the initiative of the President of Brazil. It was indeed possible to reduce poverty and achieve development through a prudent and pragmatic use of external assistance mixed with home-grown and indigenously evolved concepts, such as microcredit, and based on a matrix of pluralism, democracy and women's empowerment. Bangladesh had amply demonstrated that, and hoped that the work of the Committee in the current session would form the basis for the 2005 review of the fulfilment of commitments contained in the Millennium Declaration and in the internationally agreed development goals

12. After the setback at Cancun, significant compromises were necessary in order to enable the developing countries to broaden their export base and to build their negotiating capacities, eliminating tariffs and non-tariff barriers (NTBs), which restricted market access of their products. Due consideration must be accorded to the asymmetries in the economies of the various countries and to the social needs of the least developed countries (LDCs), small island developing States (SIDS) and landlocked developing countries (LLDCs), whose programmes of action required the Committee's fullest support. Bangladesh identified closely with African countries in relation to their problems and aspirations, and saw great value in learning from the positive experience of societies in comparable situations. The African Union and the New Partnership for Africa's Development (NEPAD) were hopeful developments. Through peace-keeping operations in Africa, Bangladesh had worked for disseminating knowledge and experience in relation to micro-credit, non-formal education, and women's empowerment. The observance of the International Year of Microcredit 2005 would provide an opportunity to pursue that task further.

13. The Triennial Comprehensive Policy Review of the Operational Activities for Development, which would be considered by the Committee in the current session, should lead to strengthening quite a few United Nations agencies that - disappointingly - risked marginalization and operated on voluntary contributions. It was necessary to ensure a more predictable and adequate flow of resources to fund their operation, and development should again become a centrepiece of United Nations activities. Regarding the need to ensure a more practical and coherent organization of the Committee's work, proposals and recommendations had been presented through the Bureau at the previous session, and many of those suggestions were reflected in General Assembly resolution 58/316. It was to be hoped that the Bureau

paper would serve as a basis for enhancing efficiency, focus, visibility and participation in the work of the Second Committee.

14. **Mr. Siv** (United States of America) noted the steps that the Second Committee had taken to reform and streamline its work and make it more relevant, and said that more could and should be done to further the reform efforts. In that spirit, the United States would refrain from a making a statement during the general debate and, in the interest of a more productive discussion, would offer its views when important questions would come up before the Committee under specific agenda items.

15. **Mr. Doryan** (World Bank) said that, in the current situation, the world - characterized by critical imbalance and instability, but also a high degree of globalization and technological sophistication - had the potential and capacity to solve its own problems. The question was whether it would be possible to mobilize the political will and apply the learning to actually do that quickly enough to matter. A quick scan of the agenda of the 2004 Development Committee revealed a set of issues that was not dissimilar to the issues that the Second Committee intended to discuss over the following weeks. That in itself marked progress in the work that the two bodies did together. The Monterrey process, the General Assembly High-Level Dialogue and the work of the Second Committee had helped to reshape cooperation between the World Bank and the agencies of the United Nations system. Their joint engagement toward effective development was underpinned by the joint work done by the World Bank, the United Nations, donors and partner governments on the harmonization and alignment of development assistance; the Shanghai conference on poverty reduction; the work of such joint advisory and technical bodies as the Millennium Project; the joint work on data clarification and dissemination; and the variety of proposals on the table for innovative ways of financing development.

16. In the Development Committee meeting, which had been held in Washington, D.C. on 2 October 2004, the ministers of finance and development had issued a communiqué focused on four issues. The first of those issues had been aid effectiveness and financing modalities, regarding which the ministers had agreed that it was necessary to increase aid flows and complement them with such innovative mechanisms as the International Finance Facility (IFF), global taxes, voluntary contributions and the World Leaders Summit on Action Against Hunger and Poverty, which had been held on 20 September 2004. The second issue had been strengthening the foundations for growth and private sector development, regarding which the ministers had welcomed the initiatives aimed at improving the investment climate and reinforcing the financial sectors and their relation to social development and gender equality, considering them as keys to accelerating pro-poor growth. In addition, they had approved of the Bank's plan to scale up activities in implementing the Infrastructure Action Plan and stressed the need to pursue - together with the International Monetary Fund (IMF) - efforts to increase fiscal space for public infrastructure investments within the limits of fiscal prudence and debt sustainability. The third issue had been debt sustainability, regarding which the ministers had reviewed progress under the highly indebted pour countries (HIPC) initiative, welcoming the extension of the sunset clause and development of a debt sustainability framework to help developing countries manage their borrowings. The fourth issue had been the participation of developing and transition countries, regarding which the ministers had called for a report at the next meeting of the Development Committee on the feasibility of all proposed options. In addition to those four issues, the ministers had welcomed the progress made so far on the poverty reduction strategy process, including revisions to the architecture to help address remaining challenges to countries in implementing the process, and called on the Bank to review its policy and practice on conditionality. Lastly, the ministers had addressed various trade-related issues and the Doha Development Agenda and urged donors who had not yet done so to make tangible efforts toward the target of providing official development assistance (ODA) equal to 0.7 percent of gross national product (GNP).

17. **Mr. Elisaia** (Samoa), speaking on behalf of the 14 States members of the Pacific Islands Forum that were Members of the United Nations, conveyed their heartfelt condolences to the governments and peoples of the countries that had been affected during the Northern Hemisphere hurricane season. He said that the catastrophic impact of such occurrences vividly demonstrated that, despite good preparation and disaster reduction strategies, there was only so much that could be done against large-scale natural phenomena. They set back in a matter of hours hard-earned development achievements of many years and diverted critical funding earmarked for infrastructure

or social investment to emergency and medium-term rehabilitation requirements. The continuing structural vulnerability of small island developing states (SIDS) underscored the importance of the International Meeting to be held in Mauritius in January 2005 in order to review the implementation of the Barbados Programme of Action (BPOA) for the sustainable development of SIDS. The Forum members urged all countries to send high-level representatives to the Mauritius meeting and hoped that it would generate progress on the implementation of the BPOA and encourage action on new and emerging issues, including HIV/AIDS.

18. Climate change, climate variability and sea level rise continued to pose enormous threats to Forum members. In their August 2003 statement, Forum leaders had noted that the member States had been taking specific steps to mitigate climate change and would be meeting their Kyoto targets. They had called for urgent action to be undertaken to reduce greenhouse gas emissions, and delivered a clear signal that further commitments must be made in the future by all major emitters. In their August 2004 communiqué, the leaders had affirmed their commitment to participate in the high-level segment of the Tenth Session of the Conference of the Parties to the United Nations Framework Convention on Climate Change in Argentina later in the year.

19. Forum members welcomed the new framework proposed within the Economic and Social Council (ECOSOC) for excluding States from the list of least developed countries (LDCs) and believed that the continuing refinement of the LDC criteria had resulted in a better reflection of SIDS vulnerability in decision-making concerning the LDC list. The Forum encouraged also the Committee for Development Policy to continue its efforts to better reflect vulnerability in the Economic Vulnerability Index. Forum members believed that, as a result of recent progress in the World Trade Organisation (WTO) Doha Round, including developments on agriculture and special and differential treatment, there were better prospects for the Doha Agenda to enhance the fairness and improve the functioning of the world trading system. Lastly, Forum members welcomed progress in strengthening and streamlining the work of the Second Committee and hoped that it would lead to a United Nations that was more effective and better equipped to meet the challenges that confronted it. To ensure that the interests of SIDS would be taken into consideration, Forum members would be engaging actively in the lead-up to the 2005 meeting organized to review the implementation of the Millennium Declaration.

20. **Mr. Munzberg** (International Monetary Fund) said that the meeting of the International Monetary and Financial Committee (IMFC) held in Washington, D.C. on 2 October 2004 had addressed a good number of issues - related to the current tendencies of the world economy - that were also reflected in the programme of the Second Committee. Global economic growth had strengthened and broadened, and global expansion was expected to continue. There were, however, downside risks to the recovery, stemming from oil price increases and volatility, and from global imbalances. There was increasing awareness of the necessity to adopt relevant measures, and of the fact that the policies aimed at correcting global imbalances were a shared responsibility. To that end, it was essential to progress on medium-term fiscal consolidation and toward greater exchange-rate flexibility.

21. Effective and even-handed International Monetary Fund (IMF) surveillance across the whole membership was central, especially with regard to systemically important countries and capital markets because of the effect that their policies could have on other countries and on the world economy. The Fund was committed to participating actively in the debates to be held in 2005 on the review of the implementation of the Millennium Declaration and in the high-level meeting on the follow-up to the Monterrey Consensus, without losing sight of the need to increase and better coordinate aid and technical assistance, extend debt relief and provide policy advice to lower-income countries. The poverty reduction strategy process should be used to coordinate the assistance provided with the domestic economic priorities of the beneficiary countries and to support the implementation of the Monterrey Consensus. The progress achieved in providing debt relief under the heavily indebted poor countries (HIPC) initiative, which had been extended for two more years, should be underscored, and it was necessary that the Fund and the World Bank should formulate a single framework for assisting lower-income countries in their efforts to achieve debt sustainability. The IMFC had encouraged both institutions to further analyze aid effectiveness, absorptive capacity, results-based measurement

mechanisms and such financing modalities and mechanisms to augment aid flows as the International Finance Facility (IFF), global taxes and other innovative mechanisms. Furthermore, the IMFC was aware of the importance of trade for economic growth and development at a global scale and supported the agreements negotiated in July as part of World Trade Organization (WTO) activities.

22. Regarding the efficiency of the instruments used by the Fund to address the problems faced by the international community, there had been discussion on the possibility of delivering signals to potential users, donors and creditors outside the context of an IMF financial arrangement. The need to set up a mechanism similar to the recently abolished backstop credit facility had been considered in connection with agreements of a precautionary character. Regarding financial crisis resolution, the IMFC had welcomed the inclusion of collective action clauses (CACs) in international sovereign bond issues and the progress made in the private sector regarding the establishment of a code of conduct. The IMFC looked forward to reviewing further work of relevance to the implementation of the IMF lending-into-arrears policy.

23. **Mr. Adel** (Egypt) endorsed the statements of the Group of 77 and the Group of African States and pointed out that cooperation for development should build on the idea that development and poverty eradication were a shared responsibility based on international cooperation, United Nations Charter principles and the Millennium Declaration, which constituted the fastest way to international peace and security. He said that it was essential to introduce the fundamental internal reforms necessary for development, address the roots of structural imbalance in the international economic and financial system, and ensure that the international community should intensify cooperation and eliminate imbalances in order to create a stable international financial environment. To that end, progress should be achieved in World Trade Organization (WTO) negotiations with a view to helping developing countries to achieve their development goals, and States should fulfil the commitments that they had assumed in that area, particularly with regard to development assistance, debt relief and foreign investment. Moreover, developing countries should have a stable access to international markets for their commodities. To that effect, technical assistance was required in order to reduce the widening knowledge gap between North and South.

24. Egypt supported South-South cooperation and the New Partnership for Africa's Development (NEPAD) as ways of attaining sustainable development in the economic, social and environmental areas. Reform efforts in African countries would not bear fruit, unless the developing countries eliminated obstacles to the access of African products to their markets. It was essential to increase official development assistance (ODA) to the level agreed upon internationally and to continue to debate on the adoption of a broader approach to the implementation of the Monterrey Consensus recommendations.

25. The 13th Session of the Commission on Sustainable Development (CSD) offered developed countries an opportunity to renew their commitment to help developing countries to carry out the Johannesburg Plan of Implementation, especially with regard to drinking water, drainage and sanitation and human settlements. Moreover, preparations had taken place for the 2005 Summit, during which the decisions - taken at the various United Nations summits and conferences - to support international pro-development efforts should be reaffirmed. Governments should be urged to adopt practical measures to implement the commitments made in those conferences, giving substance to the idea of the shared responsibility of developing and developed countries. Lastly, it was hoped that the report of the Secretary-General on the Reform of the Organization would reflect the current situation regarding sustainable development at the international level and reaffirm the international commitments referred to.

26. **Ms. Holguín Cuéllar** (Colombia) said that the widening gaps between developing and industrialized countries in respect of living conditions the level of progress affected the least developed countries (LDCs) and the medium-income States. The notion of per capita income, taken out of context, could lead to a skewed assessment of a State's social and economic reality. Protectionism, subsidies, the debt and financial imbalances impeded - and sometimes reversed - the progress of medium-income States and, as a consequence, hunger and poverty spread further. Those countries faced additional obstacles, such as natural disasters, illegal drugs and organized crime. They accounted for more than 50 percent of the world population and 80 percent of the world's poor, 600

million persons - including 35 million children not enrolled in school and undernourished - who tried to survive on less than two dollars a day.

27. The decrease of international cooperation for development prevented medium-income States from overcoming structural problems and dealing with the macroeconomic consequences of global economic and financial dynamics. In that cooperation, priority should be given to the transfer of technical know-how and technology with a view to building national capacities for development. Moreover, there was an urgent need to eliminate trade imbalances; and ensure that liberalization benefited all countries and that the developed countries lifted protectionist measures and allowed free access of the developing countries' exports to their markets. There was furthermore need for an international financial structure providing for a broad and democratic participation in the decision-making process and precluding money laundering and corruption. In order to compete under propitious conditions, medium-income States needed a favourable international environment enabling them to exploit their capacities, trained human resources and economic and commercial potential in order to provide their population with adequate conditions for development and progress.

28. States had specific responsibilities that were essential and consisted in promoting governance, the rule of law, administrative transparency, fiscal stability, a domestic environment favourable to the private sector and foreign investment, and rural and urban microcredit.

The meeting rose at 4.20 p.m.

United Nations A/C.2/59/SR.4

General Assembly
Fifty-ninth session
Official Records

Distr.: General
20 October 2004

Original: English

Second Committee

Summary record of the 4th meeting
Held at Headquarters, New York, on Tuesday, 5 October 2004, at 10 a.m.

Chairman: Mr. Balarezo ..... (Peru)

Contents

General debate

This record is subject to correction. Corrections should be sent under the signature of a member of the delegation concerned *within one week of the date of publication* to the Chief of the Official Records Editing Section, room DC2-750, 2 United Nations Plaza, and incorporated in a copy of the record.

Corrections will be issued after the end of the session, in a separate corrigendum for each Committee.

04-53519 (E)

The meeting was called to order at 12.20 p.m.

General debate

1. **Mr. Raju** (India) said that, given the persistence of serious imbalances in the global economy, the implementation of commitments made at Monterrey, as well as of new and additional commitments, was essential if the developing countries were to achieve the agreed development goals. His delegation noted with satisfaction that the Committee would consider options for new and innovative sources of financing under the agenda item on follow-up to the International Conference on Financing for Development. It was important, however, to ensure that new financial mechanisms would not impose additional conditionalities on the developing countries.

2. The framework agreement reached at the negotiations in the World Trade Organization (WTO) in early August was an important intermediate step. A systematic effort and demonstration of considerable political will were essential to deliver the Doha agenda to meet the development benchmarks set.

3. Environmental protection remained a major challenge for developing countries. One of the major constraints faced by the developing countries in the implementation of the Johannesburg Plan of Implementation was the availability of environmentally sound technologies. Innovative approaches, such as placing intellectual property rights for critical pharmaceuticals in the public domain, should be considered in connection with the implementation of the Johannesburg Plan instead of focusing on process-centred debates on institutional framework.

4. The Indian delegation welcomed the preparations currently under way for a comprehensive review of the Barbados Programme of Action for the Sustainable Development of Small Island Developing States to be conducted in Mauritius in January 2005. India had been participating actively in the preparatory process and was committed to making a constructive contribution to those deliberations.

5. The wide-ranging reform of the international trade, monetary and financial institutions proposed in the report of the World Commission on the Social Dimension of Globalization would have a beneficial impact on the developing countries and help restore the effectiveness and authority of the General Assembly in the areas of trade, money and finance. The comprehensive review of the implementation of the Millennium Declaration to be undertaken in 2005 would be successful to the extent that it contributed to the efforts of developing countries to achieve the Millennium Development Goals. His delegation hoped that Member States would forge agreements on issues relating to trade, money and finance, transfer of technology and institutional reforms.

6. His delegation looked forward to the work of the Second Committee on its triennial comprehensive policy review of operational activities for development of the United Nations system.

7. India shared the sense of urgency displayed recently by many world leaders in calling for early collective action to alleviate extreme poverty and hunger. The deliberations of the Second Committee should identify areas of cooperative action and ways to move forward in implementing them. It looked forward to working with other delegations in addressing those challenges in the pursuit of the development agenda.

8. **Mr. Sutoyo** (Indonesia), speaking on behalf of the member countries of the Association of South-East Asian Nations (ASEAN), said that the developing countries had made efforts to integrate the Millennium Development Goals into their national development strategies, including through poverty reduction strategies. The enhancement of global partnerships and the fulfilment of international commitments were vital in order to ensure that the extreme poor received the benefits to which they were entitled, including through job creation and improvement of the quality of employment. The five-year review of implementation of the Millennium Development Goals to be undertaken in 2005 would provide an opportunity to develop innovative approaches and collaborative mechanisms to accelerate the achievement of the goals and objectives of major United Nations conferences and to develop synergy between them and the Millennium Development Goals. The event should focus on the implementation of prior commitments rather than on a comprehensive document of a declaratory nature.

9. The South-East Asian region was on track in poverty reduction and was making some progress in reversing the spread of infectious and deadly diseases. It was also taking measures to ensure environmental sustainability. ASEAN was strengthening its relations

with dialogue partners, enhancing its commitment to achieve the Millennium Development Goals and working on a number of political, economic and sociocultural initiatives. Priority was being given to rural development and poverty eradication and to meeting the challenges of globalization, trade liberalization, regional economic integration and sustainable development.

10. At the ninth ASEAN Summit, held in Indonesia in 2003, the leaders of member countries had agreed to develop an ASEAN Community by the year 2020. The ASEAN Community would have three pillars: the ASEAN Security Community, the ASEAN Economic Community and the ASEAN Socio-Cultural Community. The ASEAN Economic Community was striving to become a single market and production base, with the aim of achieving regional integration. The agreement establishing the ASEAN Economic Community would be signed by the ministers of economic affairs at the tenth ASEAN Summit, to be held in Vientiane in November 2004. They would also sign the Vientiane Action Programme; that successor to the Hanoi Plan of Action focused on narrowing the development gap among ASEAN member countries. The ASEAN Socio-Cultural Community would intensify cooperation on social issues and promote the active involvement of all sectors of society.

11. With regard to the issues on the agenda of the Second Committee, he stressed the importance of information and communication technologies (ICT); trade, financing and development; and sustainable development. In particular, ICT played a key role in facilitating economic integration in the ASEAN region, which was taking action to address the challenges of the digital divide within the region and enhance its overall competitiveness.

12. ASEAN viewed trade liberalization as an important vehicle for development. Work was proceeding on creation of the ASEAN Free Trade Area as a step towards realizing the Asian Economic Community. The international economic and trading systems should be further enhanced to complement the region's efforts to open up trade and investment opportunities in the region. In particular, ASEAN called for improved market access for developing countries' exports, the elimination of trade-distorting subsidies and of barriers to trade for agricultural products, and special and differential treatment for developing countries.

13. Turning to the matter of protection of the environment and sustainable development, he pointed out that ASEAN had had a vision for efforts in that area since 1972. The ministers of environmental affairs had agreed on 10 priority areas of cooperation that were in line with the Johannesburg Plan of Implementation. They also attached great importance to the principles, strategies and action plans for sustainable development contained in the Rio Declaration and Agenda 21. It was imperative that the commitments made in regard to financial assistance, technology transfer and capacity-building should be fully realized.

14. **Mr. Al-Jabri** (Saudi Arabia) said that economic cooperation was essential to the preservation of peace and security and the achievement of the Millennium Development Goals. His delegation welcomed the recent World Leaders' Meeting on Action Against Hunger and Poverty chaired by the President of Brazil as one of the main elements of efforts to implement the Millennium Declaration. The resources for that initiative should come from the donor countries' commitment to provide 0.7 per cent of their GNP as assistance to the developing countries.

15. With reference to the impact of the rise of oil prices on the world economy, it was important to take into account the real causes of that rise. It was not just a matter of supply and demand, although the Organization of the Petroleum Exporting Countries (OPEC) was addressing that issue in an effort to maintain balance in oil prices for the benefit of the international community. There were factors over which the exporting countries had no control, including speculation on the international market. The taxes imposed on oil imports by industrialized countries also had an impact on prices. Political conflicts in the Middle East and other regions greatly affected oil prices on international markets. Therefore, it was not fair to hold the oil-exporting countries accountable for rising prices.

16. Countries must honour their commitments with regard to economic and social development. Even though Saudi Arabia was a developing country, it had provided more than 4 per cent of its GNP over the last 20 years as official development assistance to developing and least developed countries. It had contributed its full assessment to the Heavily Indebted Poor Countries (HIPC) Trust Fund. Sustainable development could best be achieved through efforts in

the cultural, environmental and economic spheres. Globalization should not be confined to opening markets; it was also important to provide opportunities for better living standards for everyone, including through the elimination of poverty, illiteracy and disease. Globalization implied a balance between the traditional and the modern. Because of its impact on the economies and the social fibre of many countries, it also entailed challenges and risks. The international community should take steps to strengthen the international financial institutions so as to enable them to address crises as they arose, with due regard for the special characteristics of the countries concerned.

17. On the question of international trade, he said that steps should be taken to enable developing countries to accede to WTO on fair terms. It was also important to open markets and eliminate taxes on exports of developing countries. Promotion of South-South cooperation was one of the key factors in the achievement of the Millennium Development Goals and should be a key goal of the countries belonging to the Group of 77 and China.

18. **Mr. Mra** (Myanmar) said that volatile oil prices and the upsurge in terrorism had triggered a slowdown in global economic growth in the second quarter of 2004. Unless effective and timely international support measures were taken to supplement the inadequate domestic financing efforts, it would be difficult to achieve the Millennium Development Goals. He accordingly welcomed the initiative of Brazil, Chile, France and Spain together with the Secretary-General to focus on action against hunger and poverty and supported any other initiatives aimed at alleviating the misery of the world's poor.

19. Myanmar was encouraged by the "July package" of framework agreements adopted on 1 August 2004 by the General Council of WTO to push forward multilateral trade negotiations in agriculture, non-agricultural market access, development, trade facilitation and services. Developing countries needed a trading system that would not only promote trade but also support their development efforts.

20. The Bretton Woods institutions should celebrate the sixtieth anniversary of their establishment by reassessing their activities in order to meet the needs of the global economy in the twenty-first century. South-South cooperation was an important tool for development. In that context, regional and subregional cooperation agreements were needed to accelerate economic growth, promote trade and achieve sustainable development in developing countries. For instance, in November 2003, Cambodia, Laos, Myanmar and Thailand had adopted the Bagan Declaration to increase competitiveness and expand growth along the borders of the four countries; facilitate the relocation of agricultural and manufacturing plants to areas with competitive advantage; create jobs; reduce disparities; and enhance peace, stability and shared prosperity under the Ayeyawady-Chao Phraya-Mekong Economic Cooperation Strategy (ACMECS), which would complement the measures taken by the ASEAN Economic Community under Bali Concord II. ASEAN would establish a free trade zone by 2008, while the economic cooperation group comprising Bangladesh, Bhutan, India, Myanmar, Nepal, Sri Lanka and Thailand (BIMSTEC), currently the Bay of Bengal Initiative for Multi-Sectoral Technical Economic Cooperation, had adopted a Framework Agreement for a Free Trade Area by 2011.

21. **Mr. Baali** (Algeria) said that the initiative against hunger and poverty as well as the debate on the social dimension of globalization underscored the international community's determination to once again make development one of its top priority concerns. The focus on the problem of development in general and poverty alleviation in particular and the expressed desire to make progress in that regard should be followed by concrete action. Given the interdependence between development and international peace and security, there was a need to refocus development efforts through North-South partnerships. Globalization had given rise to uncertainties and multilateral dialogue was needed to convert it into a beneficial force for all.

22. The goals laid down in the Millennium Declaration and the commitments made at various international conferences had provided a global framework for common action to meet the development challenge. The considerable financial, human and technical resources needed to effectively implement those agreements and commitments called for enhanced coordination and coherence at all levels. However, development in the South and its integration into the world economy could not be achieved under the current unfair and inequitable rules governing international economic relations. Nor could the New

Partnership for Africa's Development (NEPAD) succeed without the active and consistent support of the international community. Developing countries needed increased ODA, debt relief, access to developed country markets for their goods, development assistance and reform of the international financial architecture in order to ensure greater transparency and give them a greater voice in decision-making.

23. While United Nations development activities in the countries of the South, especially in Africa, were laudable and worthy of support, it was essential that the universality, neutrality and objectivity of such activities should be maintained. The various United Nations bodies should constantly strive to strengthen coordination and harmonize their methods of work in order to enhance efficiency.

24. The environment was a vital component of sustainable development. Increased environmental degradation threatened the future of the planet, while the unregulated exploitation of natural resources and the adverse, often tragic consequences of climate change, gave cause for serious concern. In that regard, the recent hurricanes and typhoons that had devastated several countries forcefully underscored the gravity of the situation and the urgent need for collective action. To that end, his country had ratified the Kyoto Protocol in April 2004. The proclamation by the United Nations of 2006 as the year of deserts and desertification would highlight sustainable development and the need for environmental protection. It would make the international community more aware of the need to accord greater attention to the implementation of the United Nations Convention on Desertification.

25. **Ms. Ong** (Singapore) said that, since globalization was unstoppable, and it was in everyone's interest to maximize its opportunities and minimize its risks and costs. Opting out of the global market was not a solution. According to the World Commission on the Social Dimension of Globalization, many of the current problems were not due to globalization per se, but to deficiencies in its governance. The key challenge lay in helping developing countries to build the capabilities that would enable them to better harness the energy of globalization. The social dislocations created by globalization should not be lightly dismissed as the unavoidable consequences of change. The international community urgently needed a new framework to sustain a global consensus on open markets and moderate its worst excesses. In that regard, multilateral forums such as the United Nations and WTO could play a crucial role in helping to create a global framework of partnership for managing the downside of globalization. However imperfect, those institutions represented the best hope for a world in which all countries could participate democratically to formulate rules which bound them all equally.

26. Despite the breakthrough achieved on 1 August 2004 with the adoption of the "July package", the upcoming WTO Doha Round faced many difficult issues. Indeed, the challenge was to overcome polarization as negotiations went forward. The Doha Round would not succeed if WTO members took an inflexible approach, especially on agriculture. The hundreds of billions of dollars in agricultural subsidies spent by developed countries every year made it difficult for developing countries to compete on a level playing field. Developed countries could set an example by opening their own markets to products from developing countries. As trade barriers were removed, developing countries must receive the special and differentiated treatment they needed to develop their infrastructure and capacities.

27. For their part, developing countries must adopt a pragmatic approach if the Round was to succeed. Over 40 per cent of developing country exports, including basic commodities and manufactured goods, went to other developing countries, and such trade was increasing by 11 per cent a year. If developing countries agreed to reduce tariffs applied to each other by 50 per cent, they would generate an additional $15.5 billion in trade.

28. If the Doha Development Round dragged on without any tangible sign of progress, countries would start to make alternative arrangements, which could lead to the formation of divisive trading blocs and self-defeating protectionism. While the main losers would be developing countries, it would not only be the poor and small countries which would suffer. If the sense of injustice and unfairness became too great, the problems of the third world would become those of the first. Economic globalization had also globalized the problems of poverty, terrorism and disease.

The meeting rose at 1.15 p.m.